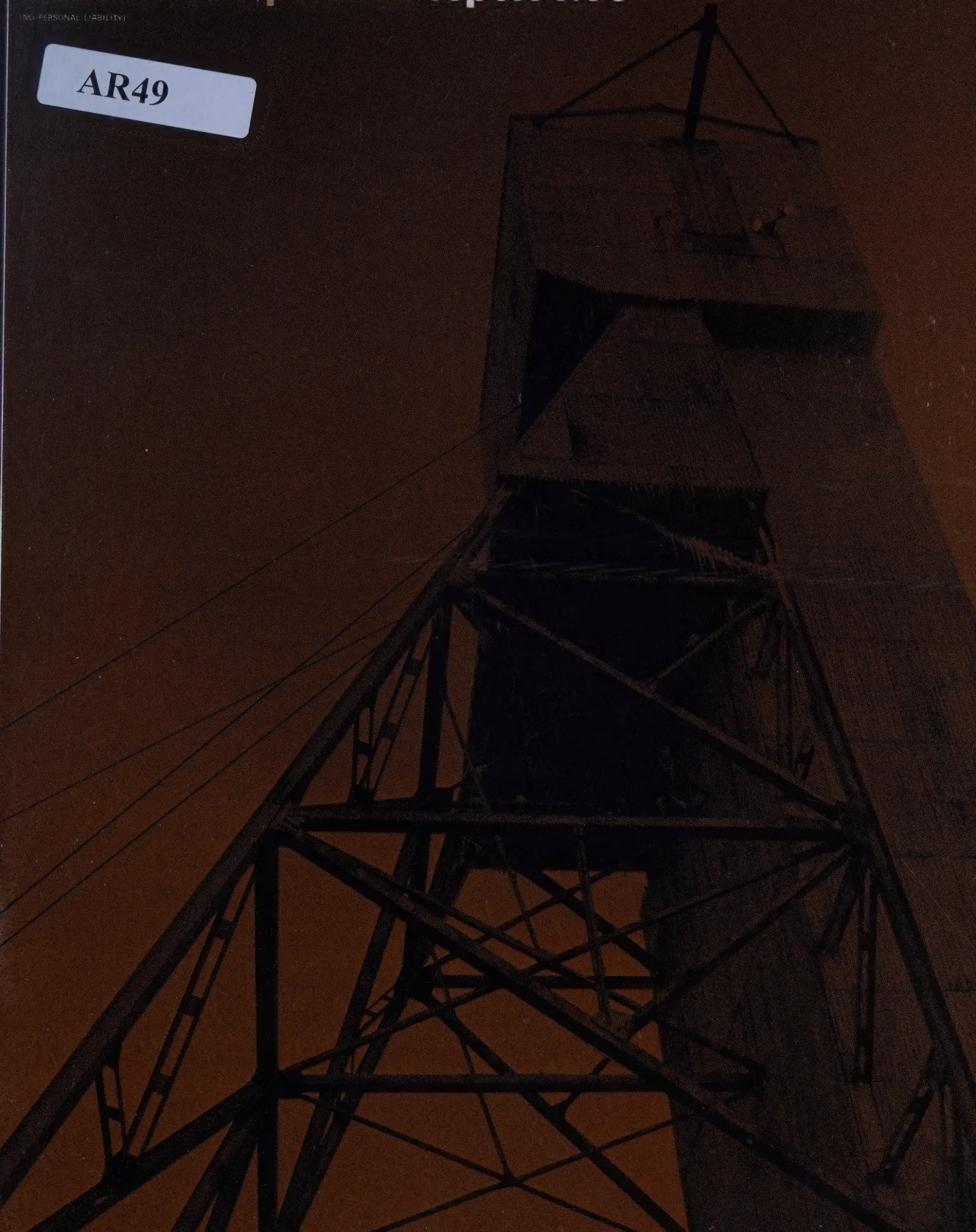


st. lawrence columbium annual and metals corporation report 1973

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st. lawrence columbium and metals corporation

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St. Lawrence
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Corporation

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Other Interests

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COMPANY PROFILE

- 2 — The first and only primary producer of columbium concentrates in North America.
- 4 — Formed in 1960 under the Quebec Mining Company's Act.
- 6 — Publicly-owned, with close to 3,500 shareholders.
- 8 — Fiscal year ending September 30.
- 7 — Holds columbium property covering 3,500 acres located within the favourable Oka complex.
- 8 — Started production at Oka Mine in 1961 with capacity of 500 tons per day.
- 11 — Current milling capacity at 2,200 tons per day with planned increases to 6,000 tons per day.
- 16 — Mechanized underground mine has ample reserves for more than 25 years at present milling rate.
- Employs 235 people.
- Produces ferro-columbium and other ferro-alloys.
- Sells its products in Canada, U.S.A., Europe, Asia and Africa.
- A wholly-owned subsidiary, Antiquois Mining Corporation, is the holding/financing/management vehicle.
- Exploration and development carried out through subsidiaries and affiliated companies.
- Other properties, held through subsidiaries, include iron, silver, zinc, gold and copper.

OFFICERS

President:
Jean-Joffre Gourd, Q.C.

Vice-President and General Counsel:
Jean Monette, Q.C.

Vice-President, Marketing:
Laurent Ferland, Eng.

Secretary-Treasurer:
Richard Staines, C.A.

OTHER EXECUTIVES

Consultant to the President:
William T. Swensen,
B.Sc., Eng., Geologist

Mine Manager:
Georges E. Lacaille, Eng.

Assistant to the President:
Suzanne H. Lefebvre

BOARD OF DIRECTORS

Michel Fournier
Banque de l'Indochine, Paris, France

Jean-Joffre Gourd, Q.C.
Advocate, Montreal

Jean Monette, Q.C.
Advocate, Montreal

Richard Staines
Chartered Accountant, Montreal

Peter N. Thomson
Executive, Montreal

J. Emerson Thors
Kuhn, Loeb & Co.,
Investment Bankers, New York

Henry J. Wolff
Chadbourne, Parke, Whiteside & Wolff,
Attorneys, New York

DEPARTMENT HEADS — OKA

Chief Engineer:
Gaston Gagnon, Eng.

Mine Superintendent:
Edmond Legault

Chief Geologist:
Serge Lavoie, Eng., M.Sc.A.

Plant Superintendent:
Jean Robillard, Eng.

Mill Superintendent:
Michel Rebettez, Eng.

Chief Accountant:
Roger Cyrenne

Executive Offices:
Dominion Square Building
1010 St. Catherine St. W.,
Montreal, Quebec, Canada H3B 3R8

Mine Office:
Oka, Quebec

Exploration Office
— Antiquois Mining Corporation:
Montreal: 1010 St. Catherine St. W.
Toronto: In care of Robert E. Schaaf
and Associates
1014 — 1111 Richmond Street West
Toronto, Ontario, Canada M5H 2J4

Bankers:
Canadian Imperial Bank of Commerce

Capital Stock:
Authorized:
5,000,000 common shares
Issued and paid up: 3,053,016 shares
Shares listed: Mines and oils section,
Montreal Stock Exchange, Montreal
Transfer Agent:
Canada Permanent Trust Company,
Montreal and Toronto

TO THE SHAREHOLDERS



Financial results for the twelve months ended September 30, 1973, showed a net loss after depreciation of \$91,027 on value of production of \$4,204,248. This compares to a loss of \$357,351 on a value of production of \$3,309,733 for the previous year.

Having been profitable throughout the first three quarters, your company would have shown a profit for the year had there not been labour problems resulting in a strike, and temporary metallurgical difficulties in the fourth quarter. Management has overcome these difficulties and the mine and the surface plants have since been operating at capacity.

As previously reported, results for the first quarter of the current year produced a net profit of \$46,997 on a production value of \$1,226,911. Preliminary figures for the second quarter show a net profit of \$125,000.

Firm demand and improving prices characterized the columbium market during the year. This trend persists and all indications point to a continuing growth in columbium consumption at a rate of 10% to 15% per year.

Your company is in a sound position to take advantage of this growth because of the positive results of our recent exploration program at Oka. We are confident that successive increases in operating capacity up to 6,000 tons per day are justified by the presently available ore reserves of 25,400,000 tons at .443% Cb_2O_5 , and the availability of more ore in the future, substantiated by the addition of 17,200,000 tons of ore grade material not yet classified as ore, thus bringing the total to 42,600,000 tons. Future increases of reserves are anticipated as important ore zones located in a very favourable area are still open along strike and dip.

Being in this exceptional situation, your company will grow with the expected market development for the next decade.

Metallurgical research aimed at increasing the efficiency of the mill is continuing. A firm of consulting engineers with an international reputation has been working with the Oka staff to maximize the efficiency of our concentration process. This work has already produced a significant upgrading of metallurgical standards, improved recovery and a more stable production of concentrates.

During the last year, the company was active in exploration and in the development of its subsidiaries:

— An option agreement was signed by Lake St. Joseph Iron Ltd. with The Algoma Steel Corporation, Limited, leading to an eventual lease of the property.

— The silver/zinc property of Abcoust Metals Inc., is the subject of a preliminary report, to be followed by a feasibility study which is expected to be completed by the end of 1974.

— Oka Columbium & Metals Ltd. transferred its columbium claims in the Oka region to St. Lawrence Columbium. The company is in the process of acquiring interests in gold properties and has changed its name to Abigold Mines Inc.

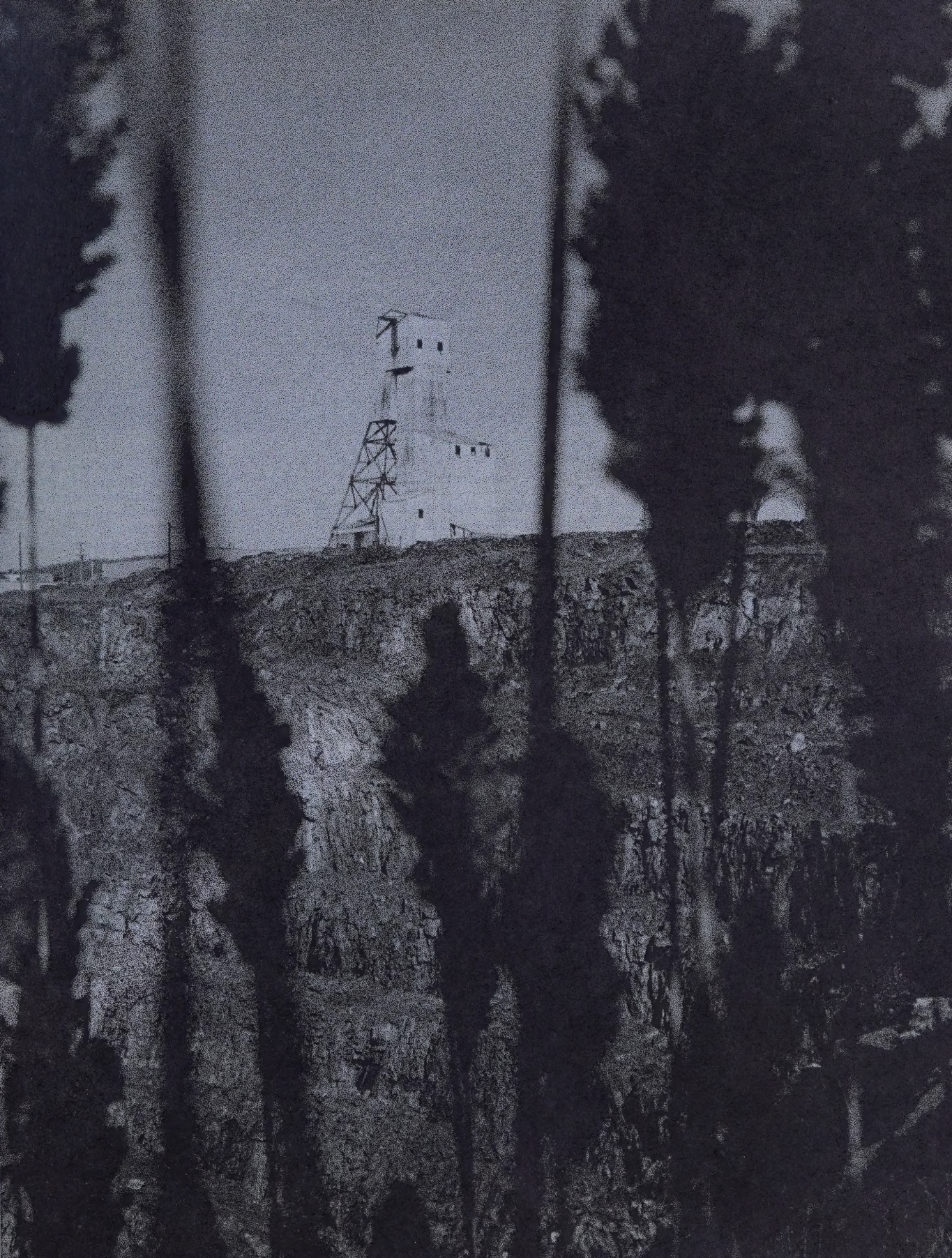
— Rights to develop oil and gas storage facilities have been acquired by Antiquois Mining Corporation. An agreement has been entered into with Les Pétroles Laduboro Ltée granting Antiquois the right to acquire an interest of up to 50% in an exploration licence for underground reservoirs held by Laduboro on the Magdalen Islands.

The directors are confident that the balance of the fiscal year will show increased profits reflecting favourable market conditions, the new reserves position and the anticipated improvement in the efficiency of your company's overall operations.

On behalf of the Board

J.J. Gourd
President

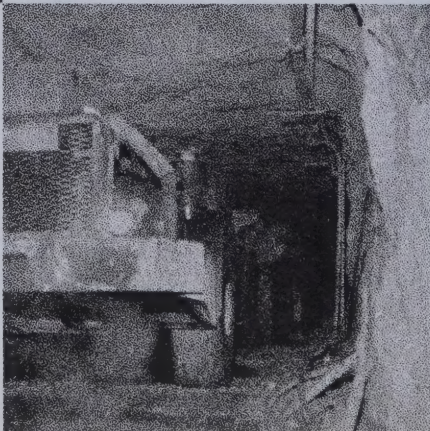
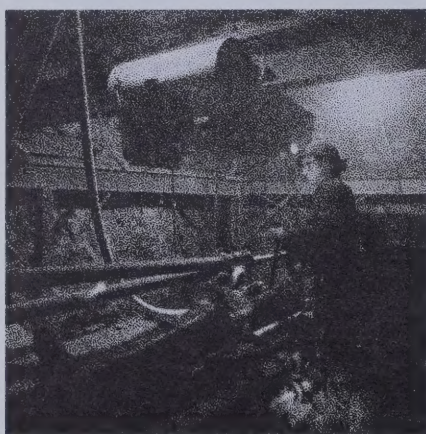
May, 1974



COMPARATIVE SUMMARY

Fiscal years ended September 30					
	1973	1972	1971	1970	1969
Tons milled	612,487	589,147	408,500	724,345	475,201
Value of production	\$ 4,204,248	3,309,733	2,737,333*	5,394,078*	3,188,418*
Cost of production	\$ 3,678,469	3,096,349	2,381,774*	3,501,151*	2,531,373*
Administrative and selling expenses, interest and mining duties	\$ 311,639	276,178	322,393	335,920	219,465
Profits before depreciation and amortization	\$ 214,140	(62,794)	33,166	1,557,007	437,580
Depreciation and amortization	\$ 305,167	294,557	302,377	499,930	332,220
Net profit (loss) for the year	\$ (91,027)	(357,351)	(269,211)	1,057,077	105,360
Net profit (loss) per share	(3.0¢)	(11.7¢)	(9¢)	34.6¢	3.5¢

*Value of production is restated to include all products while figures previously reported covered only concentrates plus gross profit on other products. Cost of production is restated to include all products while figures previously reported covered only concentrates.



REVIEW OF THE COLUMBIUM OPERATION

Mine Development The company's ore development crews were active, completing the development of the most easterly located orebody (#201). This orebody is currently providing feed for the company's concentrator. Work on an underground ore storage bin intended to improve the overall efficiency of mucking, crushing and hoisting operations, which started earlier in the fiscal year, is now nearing completion.

Ore development efforts were directed mostly towards Main Oka (#112-114). Access drifts have progressed 1,167 feet on the 500-ft. level and 998 feet on the 1,000-ft. level.

Stope preparation work has been advanced considerably on Main Oka ore body (#103), which already supplies a portion of the mill feed.

Further diamond drilling has led to the discovery of a second ore zone (#114) in addition to the previously found zone (#112). Both these zones are on property leased from Main Oka, west of the company's present workings. Because of the excellent ore potential, a development drift and two cross-cuts were advanced on the 500-ft. level, cutting through the two zones. These cross-cuts have provided enough ore to run a 1,750-ton full-scale test in the mill.

Results of the test confirmed the previous laboratory findings and showed that the new ore is amenable to the company's concentration process and is of a quality superior to the ore now being treated.

Approximately 950,000 tons of ore were developed at the end of the fiscal year. Of this, 320,000 tons were blasted while 350,000 tons were drilled for blasting. The quantity of developed ore will be kept at a level sufficient to meet the market demand.

Mill Operation During the fiscal year, the Oka mill treated 612,487 tons of ore compared to 589,147 tons in 1972. This increase was obtained in spite of labour problems that resulted in work slowdowns and a one-month strike.

Considerable time and effort were expended on updating and upgrading the technology and the metallurgical standards of all phases of our mill operation.

This was done by our staff in close cooperation with a group of specialists from Pincock, Allen & Holt, Inc., an international firm of consultants, and Mountain States Laboratory, both of Tucson, Arizona.

As a result of these efforts, significant upgrading of metallurgical standards, improved recovery and a more stable production of concentrates have been achieved. Work on refinement of metallurgical standards is continuing.

Reserves The available reserves position was greatly improved during the fiscal year 1973, as a result of 60,711 feet of diamond drilling. The two new zones recently discovered are close enough to be mined through our existing shaft and their location in relation to the mill is such that a second access to the mine by way of an inclined ramp, is now being considered. This additional access will permit a mining capacity of up to 6,000 tons per day.

Ore reserves available to St. Lawrence Columbiuim at the end of the fiscal year were 7,400,000 tons. They have since been increased by the results of recent diamond drilling and the mill test mentioned earlier, to 10,700,000 tons of proven ore, 6,500,000 tons of probable ore and 8,200,000 tons of possible ore, giving a present total of 25,400,000 tons of ore reserves at .443% C_2O_5 . This does not take into consideration some 17,200,000 tons of ore grade material on claims held by the company, bringing the total to 42,600,000 tons. Future increases of reserves are anticipated as important ore zones located in a very favourable area are still open along strike and dip.

Expansion and increased capacity In view of the predicted increase in columbiuim consumption, rising prices for the metal and the substantial additions to the company's reserves, management has embarked on a long-term program of expansion. During 1974, capacity is expected to rise gradually, reaching 3,000 tons per day early in 1975. This will be followed by scheduled successive increases to 4,000 tons and finally to 6,000 tons per day within the next few years.

These production increases will permit St. Lawrence Columbiuim to keep pace with the growing demand for the metal and enable it to maintain its fair share of the market well into the 1980's, while requiring relatively low capital investment and increasing its profitability.

Labour relations In the second quarter of the present fiscal year, inflationary pressures resulted in demands for higher wages on the part of our workers. Pending negotiations there was a marked reduction in overtime work. Negotiations were concluded satisfactorily with a general increase in wages for all workers, and normal working conditions are expected to prevail throughout the life of the current agreement which terminates in November, 1975.

May, 1974

Development statistics

WORK COMPLETED DURING FISCAL YEAR (IN FEET)	1973	1972	1971	1970	1969
Drifts 10' x 12' or larger	5773	2196	2572	6204	3934
Sub-level drifts and cross-cuts	1665	1139	890	4502	2954
Raises	2599	567	973	2235	2428

THE COLUMBIUM MARKET

The demand for columbium was strong in 1973 with the trend of rising prices continuing. All indications are that the market will maintain an annual growth rate of between 10 to 15%.

The growth of the columbium market should be based mainly on expanded steel production, on wider acceptance of columbium alloy steels and on the development of new applications by industry.

The high technology fields are making spectacular gains and may become the most important growth area.

High Strength Low Alloy Steels The most significant development currently is in the field of high strength low alloy steels (HSLA). A new generation of these steels, many of which are strengthened by the addition of columbium is developing under the pressure of demands from the automotive and pipeline construction industries.

These new HSLA steels have better formability and twice the yield strength of the widely-used HSLA steels which preceded them.

This new development is made possible by a closer control over melting and rolling of the alloy steels. They are beginning to intrude into the market territory which was long a preserve of the more expensive quenched and tempered alloy steels.

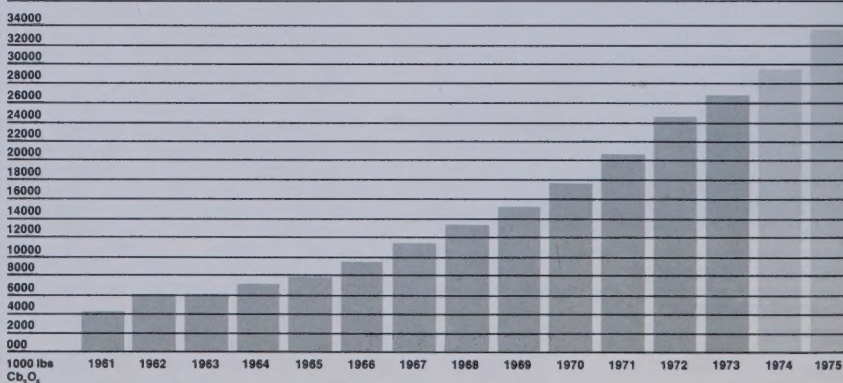
The present energy crisis outlines the urgency and the necessity to move oil and gas from the Arctic to the southern markets of North America. Millions of tons of pipes will be required to transport this energy.

Severe Arctic conditions require steels of exceptional quality such as higher strength, higher resistance to crack propagation at low temperatures and improved field weldability. Trans-Alaska Pipeline's answer to these requirements was to select the new generation of HSLA steels for the pipe.

Government's regulations covering safety and pollution control equipment on cars have driven auto makers to find weight-saving material. The weight increase rates on automobiles since 1970, have been estimated to be about 125 lbs. annually, thus forcing the auto makers to give more than casual attention to high strength formable steels.

Columbium strengthened HSLA steels containing addition of rare earths are believed by many to benefit the most from the controlled rolling. Their formability approaches that of a low carbon steel, an important property for automobile applications.

columbium (NOBIUM)
consumption curve
(non-communist world)



Future developments in the automotive field will require new designs in order to gain full benefits from the formability and the weight saving properties of these new HSLA steels. However it seems that it's only a matter of time. With proper designs, the potential of these new steels, to save weight on a car up to 30%, will be exploited by the auto industry and it seems safe to say that through new designs, the utilization of this weight saving potential will not increase the overall costs of a car.

The excellent combination of strength-weight of the HSLA steels makes them most attractive for other applications such as ships, bridges, structural shapes, electric transmission towers, highway equipment, rails, heavy construction equipment, railroad cars, crane booms, high strength bolts and fasteners.

Other Columbium Alloy Steels Combination of strength-weight, refractory and other properties of columbium alloys will also contribute to the growth of columbium.

— **Stainless Steels:** With the resumption of the capital investments in the chemical industry and with the ever increasing requirements for corrosion-resistant materials in other industries, demand for stainless steels should increase significantly in the coming years.

— **Superalloys and columbium base alloys:** Increased high strength, high temperature demands in the chemical, nuclear and aerospace industries plus the surge in demand (caused by the energy crisis) for gas turbines and for power generators, should result in increased consumption of the superalloys and columbium base alloys.

— **Columbium metal:** Because of the special properties of high purity columbium at high temperatures, the metal's reputation has benefited greatly from research efforts by the U.S. defence aerospace industries and nuclear industries. Good strength and oxidation resistance of columbium are its main assets.

Superconductivity The superconductivity field is perhaps the most promising for the future of columbium. Superconductors made of columbium alloyed to other metals, at very low temperatures (cryogenic) are finding increasing applications.

A recent important step toward wider application in this field was made by Westinghouse researchers who have succeeded in rising the critical temperature for superconductivity in a columbium germanium alloy to 22.3K. The ability of superconductors to establish extremely high magnetic fields has opened other avenues of development. Research on superconductors has advanced to the production development stage.

The technology to make a single underground electrical line which could carry all New York City electrical power has been developed. A segment of superconductive cable is currently being installed in an operational system in the U.S.

Prototypes of power generators and motors using superconductors have been built and it is expected that some units will be in commercial application within the next decade.

In Japan, Germany and in Canada magnetic suspension trains are being developed where the cars are held a few inches above the ground by superconductive magnets.

In the high energy physics the most powerful accelerator yet built utilizes superconductive magnets.

Most recent research indicates that the key to control nuclear fusion lies in developing very intense magnetic fields to control the hydrogen plasmas in the fusion process. High strength magnets also offer potential in magnetohydrodynamics where plasmas are used for chemical reaction processes and power generation.

The present energy crisis has indicated to the world the necessity to save energy. Superconductive electrical equipment has an energy saving advantage over conventional electrical equipment and it is expected that pressure to develop such equipment will be accelerated. Columbium superconductors would essentially replace copper conductors in many electrical applications and could cause a rapid growth in the consumption of columbium.

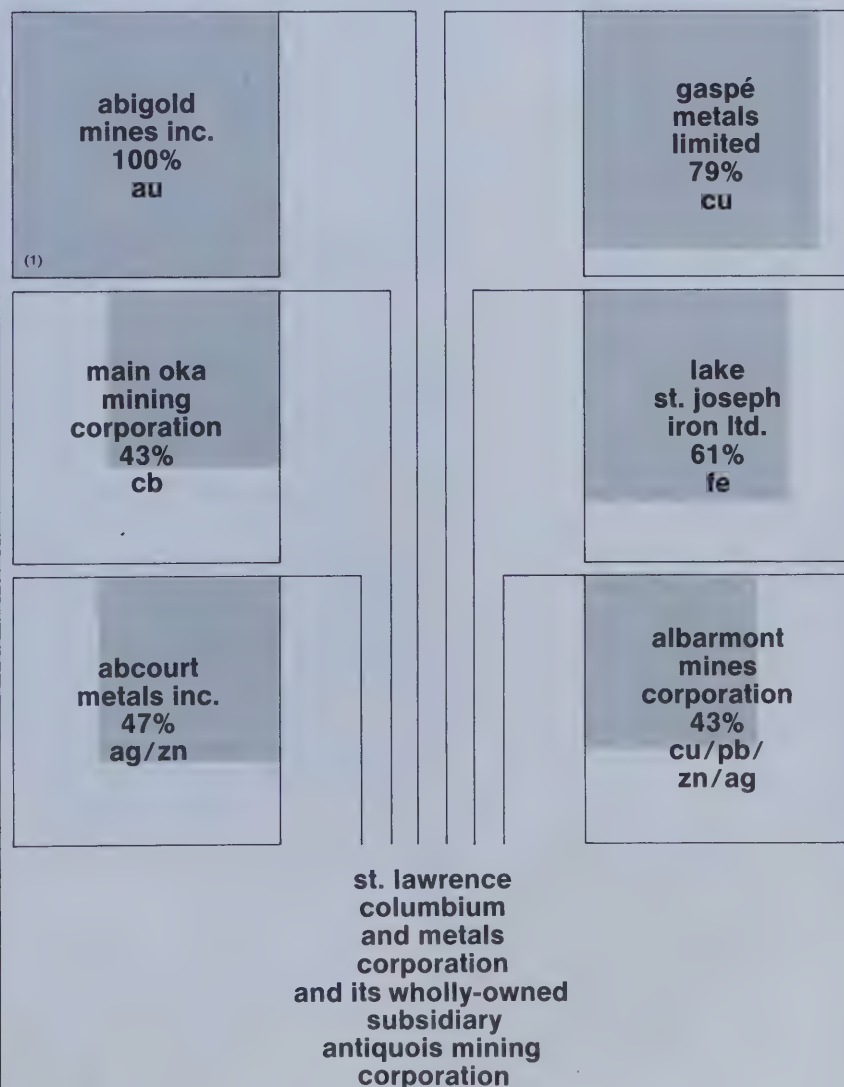


EXPLORATION ACTIVITIES, OTHER INTERESTS

We present here a brief report on exploration activities and summary information on affiliated companies, held by St. Lawrence Columbium either directly or indirectly through its subsidiary, Antiquois Mining Corporation. Antiquois is a wholly-owned holding/financing/management vehicle, used by St. Lawrence Columbium in respect of most of its exploration activities and interests, other than the Oka columbium properties.

During 1973, Antiquois established an office in the Toronto mining community, under the direction of Robert E. Schaaf and Associates, Geological Consultants.

The chart below shows the interest held by the St. Lawrence Columbium group in its affiliated companies whose activities are described hereinafter.



(1) Formerly Oka Columbium & Metals Inc.

ABCOURT METALS INC.

Authorized Capital:
5,000,000 common shares
Issued: 1,072,194 shares
Shares listed: **Mines & Oils section,
Montreal Stock Exchange**

Abcourt Metals Inc. holds a silver/zinc property covering 3,800 acres, in Barraute Township, near Val d'Or, northwestern Quebec.

In view of recent increases in world metal prices, particularly silver and zinc, the company has decided to undertake a full-scale feasibility study on this property in the Spring of the current year.

As a first step, Abcourt commissioned Pincock, Allen & Holt Inc., a firm of consultants, to prepare a preliminary report forming the basis for work recommendations to complete the feasibility study. This preliminary report has been completed and is now under consideration.

While the exact timing for completion of the feasibility report will depend on the extent of additional work required, it is tentatively scheduled to be ready in December 1974.

Earlier reports by consultants suggest the following diamond drill indicated tonnages: G. Dumont, Val d'Or, Quebec, November 1969 — 7 million tons @ 2.7 oz. silver per ton and 2.3% zinc; Watts, Griffis & McQuat Limited, Toronto, Ontario, December 1971 — 720,000 tons @ 7.7 oz. silver per ton and 4.2% zinc, or 2.1 million tons of 4.0 oz. silver per ton and 3.1% zinc.

Total drilling to date amounts to approximately 100,000 feet in more than 90 holes. A three-compartment shaft to a depth of 558 feet, and a total of 740 feet of cross-cutting and drifting were completed during earlier exploration stages.

Recent preliminary metallurgical tests carried out by Lakefield Research of Canada Limited, indicate the Abcourt material to be amenable to a selective flotation process. This is further substantiated by the fact that the east part of the indicated tonnage is close to and in the same formation as the former Barvue mine.

ABIGOLD MINES INC. Formerly OKA COLUMBIUM & METALS LTD.

Authorized Capital:
5,000,000 common shares
Issued: 2,500,007 shares

The Oka Columbiun property of 815 acres was transferred to St. Lawrence Columbiun and now forms part of its consolidated overall holdings comprising 3,500 acres.

Subsequently, Oka Columbiun's name was changed to Abigold Mines Inc. The change in name was made to reflect the new direction of the company which is in the process of acquiring interests in gold properties located in Pershing Township, northwestern Quebec.

ALBARMONT MINES CORPORATION

Authorized Capital:
5,000,000 common shares
Issued: 1,885,907 shares
Shares listed: **Mines & Oils section,
Montreal Stock Exchange**

The properties of Albarmont Mines Corporation are described below:

1) The former Barvallée property of 900 acres, adjoining Vendôme Mines Ltd., Fiedmont Township, northwestern Quebec. Exploration diamond drilling previous to 1969 intersected two narrow bands of massive sulfide mineralization estimated to represent in the order of 200,000 tons averaging more than 5% zinc, 1.0% copper and 1.0 oz. silver per ton respectively. Any plan for exploitation of Vendôme's reserves would likely provide impetus for further exploration and development of these claims.

2) Consolidated Monpas property of 900 acres located in Duvernay Township, northwestern Quebec.

GASPÉ METALS LIMITED

Authorized Capital:
5,000,000 common shares
Issued: 1,966,009 shares

Gaspé Metals Limited holds a 441-acre copper prospect in Holland Township, Gaspé, adjoining the property of Noranda's Gaspé Copper operation.

An option agreement entered into with Anaconda American Brass Ltd., a Canadian subsidiary of The Anaconda Company, is still in force, and more than \$200,000 has been spent to date on exploration. Anaconda has exercised its option and was recently accorded an extension to September 20, 1974, to form a new company or a joint venture for the purpose of developing the property.

LAKE ST. JOSEPH IRON LTD.

Authorized capital:
10,000,000 common shares
Issued: 3,333,337 shares

Lake St. Joseph Iron Ltd. holds 73 patented mining claims covering an area about 6.5 miles long and 1.5 miles wide in the Trist Lake area, district of Kenora, Ontario.

Under an earlier agreement, now expired, The Algoma Steel Corporation, Limited, had carried out exploration work and metallurgical tests on this property over a period of three years.

A follow-up long-term option agreement has now been signed between Lake St. Joseph and Algoma. After a period of five years with annual cash payments and work commitments, Algoma will have the right to exercise its option for a long-term lease on the property. This lease will provide advanced royalty payments to Lake St. Joseph and, when the property is put into production, Lake St. Joseph will receive earned royalties.

Earlier estimates indicate ore reserves recoverable by open pit mining of 240,000,000 tons grading 35% iron.

MAIN OKA MINING CORPORATION

Authorized Capital:
3,000,000 common shares
Issued: 2,050,007 shares

St. Lawrence Columbium, 43% owner of Main Oka Mining Corporation, has leased from the latter its 403-acre adjoining property in 1969 and since that date, considerable development and diamond drilling work was performed there by St. Lawrence Columbium.

Reference to the extent of mine development and reserves, including the Main Oka reserves, has been made in the Review of the Columbium Operation.

MAGDALEN ISLANDS PETROLEUM STORAGE

Antiquois Mining Corporation recently concluded an agreement with Les Pétroles Laduboro Ltée, holder of an exploration licence for underground reservoirs covering 53,400 acres on Magdalen Islands, which will give Antiquois the right to acquire, over a period of three years, up to 50% interest in the licence.

The company is taking steps to undertake a study aimed at determining the physical and economic potential of the Islands' salt deposits for low-cost storage space for crude oil and natural gas. The method widely used in reservoir development in Europe and North America, consists in injecting water through the salt deposits to dissolve the salt and then creating a reservoir by pumping the saturated solution to the surface.

The advantage of using salt reservoirs for storage as opposed to surface tanks, lies in their substantially lower cost of construction and operation. A Magdalen Islands underground storage system would provide a cheaper and environmentally less hazardous alternative to the super-port and crude oil storage facilities currently being studied for the area.

PASKA-KOWKASH IRON PROPERTIES

St. Lawrence Columbium owns a total of 41 patented claims, located in Paska and Kowkash Townships, northwestern Ontario, totalling 1,640 acres, on which two magnetite deposits, grading over 25% iron and minable by open pit methods, have been located.

ANACONDA IRON ORE (ONTARIO) LTD.

St. Lawrence Columbium owns 60,000 shares of Anaconda Iron Ore, representing 2% of the issued shares. This iron ore property is located in the Skibi Lake area of Ontario, approximately 140 miles north of Lake Superior.

In anticipation of bringing the property into production, Anaconda has done diamond drilling, has built an access road and a pilot plant and has carried out a great deal of the preliminary work. Concentrates produced from large open pit orebodies should yield excellent blast furnace and open hearth pellets, with very high iron content and extremely low residuals.

Under the agreement concluded May 1, 1973 between Anaconda Iron Ore and Oglebay Norton Company, the latter has a period of one and a half years to attempt to organize a consortium of consumers to exploit the Nakina iron property.



**BALANCE
SHEET
AS AT
SEPTEMBER
30**

ASSETS

1973

1972

CURRENT ASSETS

Cash	\$ 23,741	\$ 258,356
Receivables less Reserve for Bad Debts (Lien)	399,809	586,650
Finished Products at Estimated Selling Price (Lien)	173,342	130,056
Mining Supplies at Cost	296,972	268,197
Prepaid Expenses	28,934	23,216
	<u>\$ 922,798</u>	<u>\$1,266,475</u>

DEFERRED

Deferred Development Expenses — Lease on Main Oka Mining Corporation Property	\$ 891,986	\$ 265,027
Development Expenses on Other Properties	67,206	67,206
Interest on purchases payable by instalments	152	2,463
	<u>\$ 959,344</u>	<u>\$ 334,696</u>

INTEREST IN MINING COMPANIES

Shares at Cost (No Quoted Market Value)	\$ 973,850	\$ 973,850
Advances	342,989	327,648
	<u>\$1,316,839</u>	<u>\$1,301,498</u>

FIXED ASSETS AT COST

Land and Buildings	\$1,024,526	\$ 999,785
Shaft, Machinery, Equipment and Furniture	4,711,089	4,403,908
	<u>\$5,735,615</u>	<u>\$5,403,693</u>
Less: Accumulated Depreciation	3,167,360	2,841,283
	<u>\$2,568,255</u>	<u>\$2,562,410</u>
Mining Properties	1,945,858	1,945,858
	<u>\$4,514,113</u>	<u>\$4,508,268</u>

Incorporation and organization expenses	\$ 7,058	\$ 7,058
	<u>\$7,720,152</u>	<u>\$7,417,995</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____, J.J. Gourd, Director

_____, J. Monette, Director

LIABILITIES

	1973	1972
CURRENT LIABILITIES		
Bank Loan (secured)	\$ 200,000	\$ 245,000
Accounts and Wages Payable and Accrued Charges	1,114,698	792,291
Instalments on Equipment Maturing within One Year	1,252	17,711
Mortgage Secured Loan 10¼% Interest (7¾% in 1972), Quarterly Instalments Maturing within One Year	60,000	60,000
	<u>\$1,375,950</u>	<u>\$1,115,002</u>
OTHER LIABILITIES		
Instalments on Equipment not Maturing within One Year	\$ —	\$ 1,252
First Mortgage Secured Loan 10¼% Interest (7¾% in 1972) Payable by Quarterly Instalments of \$15,000.00, less Instalments Maturing within One Year (Note 1)	180,000	240,000
Second Mortgage Secured Loan 10¼% Interest Payable by Quarterly Instalments of \$25,000.00, First Instalment December 1, 1977	200,000	—
Loan from Directors Due January 1, 1975, 6½% Interest to January 1, 1974, then 10¼%	197,850	197,850
	<u>\$ 577,850</u>	<u>\$ 439,102</u>

SHAREHOLDER'S EQUITY

CAPITAL STOCK (Note 2)

Authorized:

5,000,000 Shares \$1.00 Par Value Each

Issued and Paid Up:

3,053,016 Shares

Premium

\$3,053,016	\$3,053,016
463,250	463,250
<u>\$3,516,266</u>	<u>\$3,516,266</u>

CAPITAL SURPLUS

1,947,955	1,947,955
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EARNED SURPLUS

302,131	399,670
<u>\$5,766,352</u>	<u>\$5,863,891</u>
<u>\$7,720,152</u>	<u>\$7,417,995</u>

Submitted with our report of January 25, 1974

Denis, Desmarais, Houle, Mooney et Associés.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED SEPTEMBER 30

	1973	1972
VALUE OF PRODUCTION	\$4,204,248	\$3,309,733
Less:		
Cost of production	\$3,678,469	\$3,096,349
Administrative and selling expenses	265,399	242,929
Financial Expenses	45,232	32,241
Outside Exploration	1,008	1,008
	<u>\$3,990,108</u>	<u>\$3,372,527</u>
OPERATING PROFIT (LOSS)	\$ 214,140	\$ (62,794)
Depreciation on Fixed Assets	<u>(305,167)</u>	<u>(294,557)</u>
NET PROFIT FOR THE YEAR (LOSS)	\$ (91,027)	\$ (357,351)
NET PROFIT PER SHARE (LOSS)	(3.0¢)	(11.7¢)

STATEMENT OF EARNED SURPLUS

BALANCE AS AT PREVIOUS SEPTEMBER 30	\$ 399,670	\$ 757,021
Add:		
Net Profit for the Year (Loss)	<u>(91,027)</u>	<u>(357,351)</u>
Less:	\$ 308,643	\$ 399,670
Quebec Mining Taxes	<u>6,512</u>	<u>—</u>
BALANCE AS AT SEPTEMBER 30	\$ 302,131	\$ 399,670

NOTES TO FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 1973

Note 1 Subsequent to September 30, 1973, the first mortgage secured loan has been increased by \$310,000. to \$550,000. payable by quarterly instalments of \$18,750. for the first year and \$25,000. for the subsequent years.

Note 2 The following options to purchase shares of the capital stock of the Company were outstanding to various employees:

41,600 shares at a price of \$2.00 per share
expiring 10,400 shares per year from 1974
to September 1, 1977.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30

AUDITORS' REPORT

FUNDS PROVIDED

	1973	1972
Depreciation not Requiring Cash Outlays during the Year	\$ 326,076	\$ 300,035
Long Term Debts	138,748	170,625
	<u>\$ 464,824</u>	<u>\$ 470,660</u>

FUNDS APPLIED

Additions to Fixed Assets	\$ 331,922	\$ 161,828
Pre-Production Expenses — On property leased from Main Oka Mining Corporation	626,959	120,884
Advances to Subsidiary Companies	15,341	3,223
Net Loss for the Year	91,027	357,351
Quebec Mining Taxes	6,512	—
Deferred Interest	(2,311)	(1,666)
	<u>\$1,069,450</u>	<u>\$ 641,622</u>
Decrease in Working Capital	604,626	170,961
	<u>\$ 464,824</u>	<u>\$ 470,660</u>

TO THE SHAREHOLDERS OF ST. LAWRENCE COLUMBIUM AND METALS CORPORATION.

We have examined the balance sheet of St. Lawrence Columbiu and Metals Corporation as at September 30, 1973 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statements of profit and loss and earned surplus and the notes attached to financial statements, present fairly the financial position of the Company as at September 30, 1973 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Denis, Desmarais, Houle, Mooney
et Associés.

Montreal, January 25, 1974.

This report is not intended to be a solicitation or an offer to buy or sell shares of the company and is issued only for the purpose of keeping its shareholders informed.

All technical information is based on published sources as well as other sources which the company considers to be reliable.

